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# Interview with Yoshinao Nakada

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## Yoshinao Nakada

(Interviewed on 19 March 1992, Tokyo, Japan)

### Video Roll # 21

Q: If you would give us your name and the spelling of your name.

NAKADA: Okay. It's Yoshinao Nakada.  
Y-O-S-If-I-N-A-O N-A-FC-J\l)-A.

Q: *And your title as it should appear?*

NAU)A: Director, AT&T -- Bell Laboratories, AT&T, Japan.

Q: *Your views are probably going to be the most telling about quality in Japan and quality in the United States, because you are really the only person that we will be speaking with who has had experience within both cultures. Overall, having worked in both cultures, what are the principal differences between what's been going on in Japan and what goes on in Japan in quality, and what you saw in the United States?*

NAU)A: I think the biggest difference is that I think the quality in Japan is sort of part of the business, ingrained in the entire process of business. Whereas in U.S., it still

tends to be a part of the entire process. And I think that's probably the biggest difference between the two qualities.

*Q: In what ways is quality methodology integrated into the work of an organization in Japan that it's not in the U.S.?*

NAKADA: Well, I think I can probably address that by giving you an example. About ten years ago, in U.S., we had a very popular saying, saying product realization process. Where it described the entire process from designing product to delivering to customer and after service.

And we wanted to study how Japanese did product realization process. We used to call it *PRP*. And the Japanese didn't know what *PRP* was. And after we explained to them, they said: oh, you mean quality control.

And it explained to us that the entire process, step by step, of conceiving a product, manufacturing product, and delivering to customer was quality control. So, in that sense, every step of the way is a quality control.

*Q: You must know that all of those of us who sit on the other side of the Pacific Ocean these days look upon Japanese quality as almost magical. That the Japanese are almost magicians, things are so high in quality that we see in the States. What are the secrets of Japan's success, do you think, that we in the United States somehow have not been able to accomplish ourselves?*

NAKADA: Well, I think you have to look at the origin of quality; how quality came up in Japan. You know, it started right after the war when they really were economically weak,

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and they have to somehow come up in the world marketplace. And so they had this tremendous desire -- need, essentially need.

And if you look at the Japanese quality improvement, it's always associated with some kind of crisis or need. And it's not that the Japanese are saint-like and they decided to preach quality. They really needed it.

For example, when you have an oil price increase, they would increase their quality. If they the yen going up by a factor of two, they'll increase quality. Essentially, it's connected with need to improve efficiency and actually decrease cost. Many people think that high quality costs more. It actually costs less.

*Q: As you describe it, though, you make it seem almost as though better quality is automatic: the yen goes up, quality gets better. Oil becomes scarcer and more expensive, quality goes up. And yet I have been around companies long enough to know that quality is achieved at great cost and great pain.*

NAKADA: That's right.

*Q: How does quality go up -- what steps do the Japanese companies -- ?*

NAKADA: I think the most important thing is the leadership of the top management. They have to come from there. And then it also requires very disciplined, hard-working employees, who would deploy that quality principal. So it doesn't appear magical really, it's really a result of very hard work, and very good leadership.

*Q: Can we talk about leadership for a moment. In America, we sometimes think about leadership as the ability to delegate. On a day-to-day basis, what is the role of the leadership of Japanese companies, in company quality efforts?*

NAKADA: Well, of course, it depends on the size of the company, but let's take a medium-size company. I think we see, or actually must lead the company by example, and even by teaching .

. A good example is one -- I see a design company I know, where the president of the company actually reviews the entire quality program of the company. He spends upward of \$1,000 a year -- so it's almost his entire year -- by reviewing the quality principle.

*Q: We talk about quality improvement sort of as though it's this big kind of a spongy thing with no real dimensions. And yet, in talking to some American companies -- Materially, for example -- we know that they set specific targets for quality improvement. In Japan, how are quality improvements built into business plans and how are targets selected?*

NAKADA: I think it's what we call policy deployment that, indeed, the top management do plan for what kind of target to set. And then it's handed down, at a different level, each year, the same time, how that year's quality is going to be achieved. So it's really a planned process.

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And I think Dr. Juran was the first one, actually to teach Japanese people the quality doesn't come by accident but it can be planned.

*Q: There's a great danger in our conversation to step across the line into political issues. But there are lots of people these in the United States who say, it's not that the Japanese quality is so much better, it's that the legislative protectionist tariffs and so forth. Take down the barriers and let's see what the Japanese can really do. You have lived on both sides of the ocean.*

NAKADA: Right.

*Q: Are there really differences qualitatively between American products and Japanese? And how the quality efforts are going?*

NAKADA:- Well, as far as quality is concerned, I think that, in many cases, American products are just as good as Japanese. But overall, I think, Japanese quality is higher because it's planned better and it's executed better.

But that is not to say there are many fine American companies who have emulated Japanese practices, and doing very well. Or even Japanese companies doing very well in U.S. And also U.S. funded companies like TJ, doing very well in Japan.

So you can't just generalize, I think, but, as a whole, I think Japanese companies -- particularly manufacturing sector -- quality is high.

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*Q: As close as I've been to the quality issues in the United States, I came here with great interest because I somehow had this image of Japan of quality is everywhere; every company practices quality. In fact, how many companies practice quality methodology? Is it simply the veneer? Or how deep would we find quality penetrating in Japanese industry?*

NAKADA: I think it's penetrating very deeply in many different sectors of the economy. That is not to say the entire economy is high quality. There are pockets where I hope they could improve. But I think many companies, without really knowing they're practicing quality principle, but they do perform with high quality.

*Q: You have been working, essentially, in the same -- as I understand it -- both in the United States and here in Japan.*

NAKADA: Right.

*Q: After 40 years of living in the States and working in the States, and you moved back here, what things surprised you the most about the quality effort here in Japan? What struck you?*

NAKADA: I think probably the discipline of the people that's deploying the quality. They seem to think it's very important to consider quality as number one customer focus.

And I think it comes from the old way of Japanese thinking that your responsibility is very important to discharge. If you are asked to do something, it is your responsibility to do it.

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Of course, it could lead to not thinking for yourself, because you perform what you're told. But in many cases, that makes the high quality manufacturing very easy to do.

*Q: In the United States there's an old saying: I want it perfect but I want it Tuesday. The issue of how do people ship something that may not really be ready for a customer. How do Japanese companies handle the issue, I want it perfect by I want it Tuesday?*

NAKADA: Of course, the ideal situation is deliver high quality on time. But I think and have seen examples that if the quality isn't there, then they will definitely not ship and try to explain to your customer that is the case.

Of course in many cases like just-in-time, that is not a good enough answer. So you just have to plan ahead of the time.

*d: We hear about the concept of losing face with a customer. If you don't ship on time, do you lose face?*

NAKADA: Yes, but less than if you have shipped low-quality material.

*Q: If you could include the notion of the question, what happens in terms of losing face if you either ship late or ship goods that are not correct?*

NAKADA: Well, if you ship on time, but low-quality material, that will be worse as far as losing face goes, than if you don't ship and then try to ship the high-quality material later.



*Q: Japan has been on this course for about 40 years. There's another saying: oh, if I only knew then what I know now. What do you think that Japan wishes it knew then, back at the start of this 40-year journey, what things might it have done differently that would have made its path to today a little easier or less painful or more productive sooner?*

NAKADA: Yes. I have talked about that question with several Japanese quality professionals. And they have said they would not change anything that they've done, really, knowing what they know now, except that they would have liked to have done a little bit earlier.

And, of course, they sort of remind themselves that even they needed some man-made disasters like oil shock and yen changing to plow them along. So, in that sense, they wish they have done, on their own, a little bit faster than they have.

But as far as the actual process is concerned, I don't think they'll change any.

*Q: Apart from saying, oh, we wish we had started sooner, after 40 years, what still frustrates quality leadership here in Japan?*

NAKADA: Well, I would think one is that worldwide, that people still haven't caught up some of the things they are trying to teach, throughout the world.

Because I think the world, as a whole, would benefit if everybody subscribed to the quality principle and improved their productivity. And I think that they've tried that many ways. But they don't think they've succeeded too well.

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*Q: As more and more companies, here in Japan and the U.S. and around the world, become involved in quality methodology, more companies, the level of good will get higher. In the next ten years or so, what will distinguish the companies that are truly excellent from the companies that are merely good quality?*

NAKADA: I think you have to keep improving -- as we say in Japan, Kaizen. And you have to include customer focus, more and more, and make the total management sort of integrated so that what they call Total Integrated Quality Management would be the difference between the excellent company and just a good company.

And the excellent company would consider not only material goods, but other things, such as the welfare of the community they are working in, and also the human side of the management.

*Q: Everyone in Japan that we've spoken with says that the quality revolution began in response to a crisis -- economic devastation and so forth. Japan is no longer in crisis; Japan is now looked upon as a real world leader. And there are people who are now working in Japanese industry who never knew the crisis; they grew up with society and culture thriving. What's going to happen to the quality effort if there's no crisis?*

NAKADA: I think that, number one, is that Japan was, unfortunately, not having natural resources. So that, in itself, is a sort of permanent crisis that you have to manufacture something and then sell it throughout the world.

So that thing would certainly be a driving force. Granted, I think the driving force can be less and less, but right now, for example, the stock prices are coming down. So that might be another ingredient, driving force, to improve another round of quality improvement.

*Q: With the stock prices coming down, it means that there is generally less capital available in the market place --*

NAKADA: That's right.

*Q: -- for major corporations. How do the heads, how does the leadership of Japanese corporations determine what level of resources to allocate to a quality effort?*

NAKADA: I think, as you said, in Japan, we must somehow manufacture. So the investment for manufacturing is very important. And they plan in longer range. So, in that sense, I think it's easier for them to allocate their higher percentage of revenue to investment because that is their salvation for economic survival.

*Q: In the United States, we also make excuses for our own lack of quality by saying: in Japan, companies cooperate. There's an enormous level of support from the Japanese government. And, again, protectionist tariffs. From your observations, day-to-day here -- same company, two different continents -- what are the differences that you've seen between American allocations and time, dollars, and so forth, for quality training and methodology, and the same things here in Japan?*

NAKADA: Again, I think maybe top-notch companies in the U.S. may spend as much time and effort. But, as a whole, I think a Japanese company will spend a lot more for quality training.

Of the reasons is that, in Japan, universities don't train that much technically, before they come to a company. So a company is expected to train people after the university students come to the company.

So, in that sense, they can integrate their quality training, technical training. Which I think is a very good approach.

*Q: In the practice of quality methods, Japan is probably 30 or 35 years out in front of the United States. Of course, the more you do, the more you learn. For those of us in the United States who will see this, and are intensely curious about what's down the road for us, can you tell us what have been the most important things you've learned after 30 years of practice that we probably won't get to until the new century?*

NAKADA: I didn't get the question.

*Q: In America, we have radar detectors --*

NAKADA: Right.

*Q: -- to tell us where the police are hiding down the road. Can you be the radar detector in quality for the people in America? What are the most important things Japan has learned, down the road from where we are?*

NAKADA: I think in the U.S., we are, I think, beginning to learn several things. Number one is that, as an industrial nation, we must go back to manufacturing. And if you're going to do manufacturing, then we must have a disciplined quality approach to manufacturing.

And quality is going to be the necessary ingredient of everything we do in daily life, and that the quality would lead to higher productivity and lower cost.

And that's something I think we will have to learn, and we will in the future. Of course, the Japanese knew that 20 years ago, so what they will learn in the future is hard to say.

*Q: Is there a cycle? Forty years ago, America was a manufacturing nation, rich in natural resources, rich in a work force. And now, we are essentially a service nation; we manufacture really very little. Here is Japan without natural resources. Will you find yourselves in 40 years being a service nation with manufacturing going some place else in the world?*

NAKADA: I don't think so. I think Japan will always produce, with be a producing nation, I think. Now, that is not to say Japan can't improve its service. I think there are many parts of Japanese services which can be improved. But I think, I believe that Japan will always be a manufacturing nation.

*Q: May we talk about Dr. Juran?*

NAKADA: Sure.

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Q: *We know that Dr. Juran came to Japan in the early 1950's.*

NAKADA: Right.

Q: *What are some of the key lessons that Dr. Juran brought to this country?*

NAKADA: Well, as I said, I think he was the first one to teach --

Q: *Please don't say he.*

NAKADA: I think Dr. Juran taught the Japanese, for the first time, that, indeed, quality can be planned. And that was probably the most important lesson he taught Japanese.

Now, of course, the other thing Dr. Juran brought to Japan was his quality bible, Quality Control Handbook, which was, I think, translated into Japanese in the early '50' s, and used by many -- not only quality professionals, but also the company people.

And then other things that I think he taught us -- or Japanese -- is that the customer focus is very important and the customer is not only outside the company, but also inside the company. And that every person who receives your work is a customer, which is a new concept at that time in Japan, I think.

Then, of course, he tried to teach us that after your planning, you have to put in the quality control processes, and then you always try to improve on that.

So I think those three things I think are, even now, the basis for quality improvement in Japan.

*Q: Day to day, if we were to go from one company to the next, which of Dr. Juran's teachings would we see still well integrated in the work place in Japan?*

NAKADA: Of the teachings that Dr. Juran brought to Japan, I think still the most important thing is that quality can be planned, and the importance of leadership, leaders in spearheading that planning. I think that is probably still the most important thing that's happening in Japan.

*Q: Several years from now, when we're both 175 years old, we will together write a history book about Japan during this time with its quality revolution. When you sit down at your word processor at age 175, what will you say about Dr. Juran's contribution to the people, the business, the economic recovery of Japan?*

NAKADA: I would say that Dr. Juran really showed Japanese people that, yes, indeed, a small island nation with no resources can compete successfully in the world marketplace by having a product which is high in quality by planning and controlling and improving on it.

And I think that was a tremendous gift to the Japanese people.

(END OF TAPE NUMBER TWENTY ONE)

## Y oshinao Nakada

### Video Roll # 22

*Q: -- several times since then.*

NAKADA: Well, of course, there were other quality professionals. So I don't know. But certainly Dr. Juran has such a big impact on Japanese Quality Circles. Japanese quality level probably not be as high as it is now.

*Q: What have been your personal experiences with Dr. Juran?*

NAKADA: Oh, I have met him many times at the international conferences. And also the private seminars. And I have found Dr. Juran to be very cordial, somewhat shy, but very vigorous when he preaches quality.

*Q: When you close your eyes and think about Dr. Juran, and a time that you spent with him, a memory that you will always carry with you about Dr. Juran?*

NAKADA: Well, as I said, I haven't seen him that often, but I think he certainly was large in stature. And very committed to his way of thinking. And I certainly enjoy talking with him.

*Q: Have you spent much time traveling back to the States?*



NAKADA: Yes.

*Q: Since you've come back and live in Japan?*

NAKADA: Right. I go back about three times a year.

*Q: When you go back to the States now after living this life, what strikes you most about the American work culture after being here?*

NAKADA: Well, I think we in U.S. tend to be very businesslike about business. And business and private life tend to be separate. And both are very important. And I think that's a good trait in U.S.

Whereas, in Japan, I think the family life tends to be a lot less considered. So your business life sort of blurs almost all week. And I think that's one of the differences now. Whether one is good or bad is one thing. But it does make it more difficult to compete against that kind of culture, where the business life tends to dominate.

*Q: How about young people here in Japan? The generation that grew up after the war, that generation that fought their way back to the world marketplace. The young people who haven't had that struggle. We hear from some people that they are not quite as dedicated; that they now are starting to value things that Americans want: family life, time for themselves. Are things changing here in Japan culturally?*

NAKADA: I see some of that. However, I'm also amazed how they transform into the traditional Japanese businessman when they become 30 and above. So I think, in

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the long run, maybe yes indeed there may gradual change in culture. But it's coming very slow.

For example, I think: Japanese people can use their female work force much more efficiently than they're doing now. And, of course, I don't advocate it because that makes it even more difficult to compete. But I think: those are the cultural changes that may take place, but takes time.

*Q: Do we in America have it in us to have the drive, dedication, to put in those hours, to sacrifice home life, for business, as the people in Japan do? Can we do it in America?*

NAKADA: I think: so. I think: because there are some successful companies in U.S. that is competing successfully with Japanese. I don't think: just the sheer length of hours is not the answer. In fact, there are drives in Japan trying to cut the work hours to 40 hours a week. Not many companies succeeding yet.

And so I think:, yes indeed, with a combination of working smart and having a little bit more discipline in quality deployment, I think we can compete successfully in the world market.

*Q: This may be an answer we don't use. What companies in America do you admire about their quality efforts? And what kinds of things are they doing that you say: they are doing it well?*

NAKADA: Well, I like, for instance, Hewlett-Packard quality system. There, you have the many ingredients -- for example, they have a very good close relationship with their subsidiary in Japan. Their CEO, John Young, is very

dedicated and leads by example. So I think H-P is a good example of a high-quality company.

Corning is another one. President Houghton, again, is very dedicated. And there it's very easy for him to really preach quality, because he owns the company.

So I think those two companies come to my mind as companies with very high quality.

*Q: You mentioned Corning as being privately owned, and they don't have to answer to many stockholders. Is that an inherent difficulty in American business, the quarter-to-quarter reporting, shareholders watch the stock price?*

NAKADA: I definitely think so. I think the fact that you have to answer to Wall Street analysts and Wall Street prices, very much hinder long-term planning, because you have to worry about next quarter's profit.

And witness in Japan, from 1989 to now, the stock price has come down 50%. And there isn't that much panic in the corporate top echelon. Whether they will be relieved of their duty or not -- because they're not just judged by the price of the stock. So I think in that sense, that's something I don't know whether we can change or not.

But at the same time, though, there are companies who succeed within that framework. But that's one of the reasons, I think, even IBM and DEC are downsizing, trying to keep the near-term financial result look good.

*Q: You have functioned successfully in both cultures. Share some secrets with us. Tell the leaders of American corporations, maybe the five things that they could be doing that, within five years, would improve their quality*

*dramatically. Five things they should be doing but, based on your observations, are probably not doing now.*

NAKADA: One is that lead by example, the top-down approach.

Number two, try to also involve workers, because I think that's one of the key points, because workers must feel that they are playing a key role. That's why we have Quality Circles in Japan, to give workers the feeling of that, yes, indeed, they are part of the quality effort.

Know your customers. There's no question, unless you know your customers.

And then look at the results in long term. Don't get frustrated because your profit isn't going up in one or two years. Look at the long term. Because I think high quality will, in the end, win out.

So maybe those four I would definitely thing worthwhile considering.

*Q: To your thinking, what is the most dramatic example of a turn-around for a Japanese company, from that made-in Japan, terrible quality, to world-class quality, and how did they do it?*

NAKADA: Well, there are many companies who did very poorly financial for one or two years, in Japan, too. And whenever that happens, they do turn to quality improvement. And that seemed to work.

Now, right now, off hand, I don't know of a company by name that happened. But I'm pretty sure there are some concrete examples.

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*Q: Are you familiar at all with the Malcolm Baldrige Awards in the States?*

NAKADA: Yes, I am, yes.

*Q: What's your sense of the Baldrige Awards? Are the criteria valid? Are the companies that win it, should they have won? How valuable is the award?*

NAKADA: Oh, I think the award is certainly very valuable.

I think the Malcolm Baldrige Award is very important in the American corporate scene. One of the reasons being that, yes, indeed, it keeps the quality in everybody's mind. So I think that is very important.

Now, the criteria, some Japanese people think is even better than the Deming Award's criteria because it's a little bit more specific. At the same time, I think we have to look at the long-term performance of the company; not just one or two or three years.

And also, who are their customers. In many cases, Malcolm Baldrige Awards tend to limit the definition of customers somewhat. For example, if it's an automobile company, they might conceivably consider dealers as customers. Well, they may be, too. But, at the same time, you have to consider the people who buy the car as a final customer.

So in that sense, I think places where you might have to modify Malcolm Baldrige Award criteria, somewhat.

*Q: Dr. Juran is going to be 87 years old, at an age when many people work in their garden or play golf or just travel.*

*And yet, Dr. Juran continues to work 18, 20 hours a day.  
What do you think keeps Dr. Juran going like that?*

NAKADA: Well, I think Dr. Juran just enjoys his work. And when you're enjoying work, it's better than playing golf or going fishing. And I think it's partly personality.

*Q: When you think about his teachings, when you think about Dr. Juran's life's work, what effect has that had on your own life, your career?*

NAKADA: Well, it certainly changed my career in the sense that I became involved in quality and reliability. And I think that really is the key to better life. Because I think quality leads to productivity, and productivity leads to better life.

So, in that sense, I think I'm very fortunate, I'm very grateful that I did find out the importance of quality in the everyday life.'

*Q: In many years, Dr. Juran will have grandchildren and great grandchildren who never met him, who never knew him except in stories and in the writings. If you had the chance and, again, when we're 175 years old, to talk to a grandchild of Dr. Juran's, what would you tell that grandchild about their grandfather, Dr. Joseph Juran?*

NAKADA: Well, that's an interesting question, because, in my case, since I was born in Japan, but raised in the U.S., lived in the U.S., the we and they sometimes get mixed up.

But I would certainly tell my grandchildren that Dr. Juran came to Japan and really helped a nation which was

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devastated by war to become a world power, in the economic sense, or in other senses as well.

So how that kind of life must have been very meaningful to the person who led it. And also, left a nation, who is very grateful to that kind of teaching.

*Q: What have I not asked you that you think should be on a videotape about the life of Dr. Joseph Juran? And maybe if you don't say it, nobody else will.*

NAKADA: Well, I don't what other people said about Dr. Juran. But the fact that he was so interested in helping a nation which was essentially America's enemy at that time -- well, before -- to improve its quality. I think that kind of really humanitarian mentality should be told to the entire world, what kind of person Dr. Juran was.

*Q: Thank you, very much.*

(END OF TAPE NUMBER TWENTY-TWO)

